

## **Assembly Bill No. 2637**

### **CHAPTER 241**

An act to amend Sections 19556 and 19599 of, and to repeal Section 19549.3 of, the Business and Professions Code, relating to horse racing.

[Approved by Governor August 21, 2014. Filed with  
Secretary of State August 21, 2014.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 2637, Hall. Horse racing: parimutuel wagering and charity racing days.

(1) Existing law, the Horse Racing Law, provides for the operation of live horse racing in this state and for wagering on horse races, and for the operation of satellite wagering facilities, subject to regulation and oversight by the California Horse Racing Board as specified. That law authorizes an association or fair to offer any form of parimutuel wagering, as defined, and authorizes the board to prohibit any form of parimutuel wagering if it determines that the proposed wagering would compromise the honesty and integrity of racing in the state.

This bill would correct an outdated cross-reference and would delete the board's authority to annually allocate a maximum of 28 racing days to any county fair in the northern zone which did not conduct horse racing prior to January 1, 1985.

(2) The Horse Racing Law also requires each licensed racing association to designate a certain number of racing days to be conducted as charity days for the purpose of distribution of the net proceeds to beneficiaries. Existing law requires that beneficiaries of these proceeds be a nonprofit corporation or organization entitled by law to receive a distribution made by a distributing agent, exempt or entitled to exemption from state and federal income taxes, engaged in specified beneficial activities, and approved by the California Horse Racing Board. Existing law requires, among other distributions, that at least 20% of the distribution from charity day racing go to charities associated with the horse racing industry.

This bill would increase the percentage of that distribution to 30%.

*The people of the State of California do enact as follows:*

SECTION 1. Section 19549.3 of the Business and Professions Code is repealed.

SEC. 2. Section 19556 of the Business and Professions Code is amended to read:

19556. (a) The distribution shall be made by the distributing agent to beneficiaries qualified under this article. For purposes of this article, a beneficiary shall be all of the following:

(1) A nonprofit corporation or organization entitled by law to receive a distribution made by a distributing agent.

(2) Exempt or entitled to an exemption from taxes measured by income imposed by this state and the United States.

(3) Engaged in charitable, benevolent, civic, religious, educational, or veterans' work similar to that of agencies recognized by an organized community chest in the State of California, except that the funds so distributed may be used by the beneficiary for capital expenditures.

(4) Approved by the board.

(b) At least 30 percent of the distribution shall be made to charities associated with the horse racing industry. In addition to this 30 percent of the distribution, another 5 percent of the distribution shall be paid to a welfare fund described in subdivision (b) of Section 19641 and another 5 percent of the distribution shall be paid to a nonprofit corporation, the primary purpose of which is to assist horsemen and backstretch personnel who are being affected adversely as a result of alcohol or substance abuse. No beneficiary otherwise qualified under this section to receive charity day net proceeds shall be excluded on the basis that the beneficiary provides charitable benefits to persons connected with the care, training, and running of racehorses, except that type of beneficiary shall make an accounting to the board within one calendar year of the date of receipt of any distribution.

(c) (1) In addition to the distribution pursuant to subdivision (b), a separate 20 percent of the distribution shall be made to a nonprofit corporation or trust, the directors or trustees of which shall serve without compensation except for reimbursement for reasonable expenses, and that has as its sole purpose the accumulation of endowment funds, the income on which shall be distributed to qualified disabled jockeys.

(2) To receive a distribution under this subdivision, a nonprofit corporation or trust must establish objective qualifications for disabled jockeys, and provide an annual accounting and report to the board on its activities indicating compliance with the requirements of this subdivision.

(3) The nonprofit corporation or trust shall, in an amount proportional to the contributions received pursuant to this subdivision as a percentage of the total contributions received by the corporation or trust, give preference in assisting qualified disabled jockeys to the following:

(A) Jockeys who were disabled while participating in the racing or training of horses at licensed racing associations or approved training facilities in California.

(B) Jockeys licensed by the board who were disabled while participating in the racing or training of horses in a state other than California.

(d) When the nonprofit corporation or trust described in subdivision (c) has received distributions in an amount equal to two million dollars (\$2,000,000), the distribution mandated by subdivision (c) shall cease.

SEC. 3. Section 19599 of the Business and Professions Code is amended to read:

19599. An association or fair may offer any form of parimutuel wagering, as defined by regulations adopted by the board, or as defined by Chapter 4, Pari-Mutuel Wagering, Model Rules of Racing, as published by the Association of Racing Commissioners International. The board may prohibit any form of parimutuel wagering if it determines that the proposed wagering would compromise the honesty and integrity of racing in the state. Each racing association or fair shall include the types of conventional exotic and other wagering it proposes to offer on its application to conduct a horse racing meeting.